

**Before the State of South Carolina  
Department of Insurance**

In the matter of:

Omni Insurance Company

115 South LaSalle Street, Suite 36  
Chicago, Illinois 60603

SCDI File Number 2002-112879

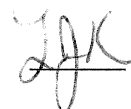
**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Omni Insurance Company (the Company), an insurer authorized to transact insurance business within the State of South Carolina.

The Company acknowledges, and I find as fact, that it transacted business in South Carolina through an individual who was not appointed through Department as one of its insurance agents. The Company maintains this was the result of administrative oversight and not the intentional violation of South Carolina law. Rather than contest this matter, the parties have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that the Company would waive its right to a public hearing and immediately submit an administrative penalty through the Department in the total amount of \$1,000.

Section 38-43-40 of the South Carolina Code in pertinent part states, "A license issued by the director or his designee pursuant to Chapter 5 of this title gives to the insurer obtaining it the right to appoint any number of agents to take risks or transact any business of insurance in the state. However, the director or his designee must be notified of the appointment before the agent takes any risk or transacts any business." Section 38-43-60 reiterates this same principle: "All business done in this State by insurers doing the business of insurance as defined in this title must be transacted by their regularly authorized agents licensed in this State or through applications of the agents...."

After a thorough review this matter, carefully considering the recommendations of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that the Company failed to comply with S.C. Code Ann. §§ 38-43-40 38-43-60. This could ultimately lead to the revocation of the insurer's certificate of authority pursuant to § 38-5-120 (A) (2) to transact the business of insurance within South Carolina. Instead, I hereby accept the recommendation of the parties and impose an administrative fine in the total amount of \$1,000 against the Company pursuant to the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. §§ 38-2-10 and 38-5-130 (2002). The Company must pay this administrative fine within fifteen days of my date and signature upon this consent order. If the Company has not paid that total amount on, or before, that date, then the Company's certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

 Omni Ins. Co.

This fine has been reached by the parties in consideration of the internal corrective measures the Company has implemented to prevent this problem from recurring the Company's assurances that it will transact business only through properly appointed agents in the future. This penalty includes all expenses related to investigation of this matter as provided in Section 38-13-70 of the South Carolina Code. The parties also expressly agree and understand payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

By the signature of one of its officers or authorized representatives upon this consent order, the Company acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S. C. Code Ann. §§ *et. seq.* (1991 and Supp. 2001).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (2002), of the Director of Insurance, exercised either directly or through the Department to "report to the Attorney General or other appropriate law enforcement officials criminal violation of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is, therefore, ordered that Omni Insurance Company shall, within fifteen days of my date and my signature upon this consent order pay through the Department an administrative fine in the total amount of \$1,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

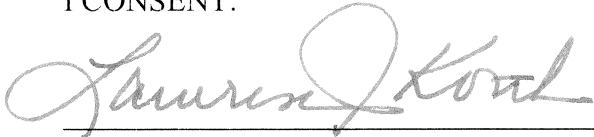
This consent order becomes effective on the date of my signature below.



Ernst N. Csiszar  
Director

May 24, 2002, 2002  
Columbia, South Carolina

I CONSENT:



Signature of Authorized Representative

Lawrence J. Korth

Name

Senior Vice President

Title

Omni Insurance Company  
115 South LaSalle Street, Suite 36  
Chicago, Illinois 60603

Dated this 23<sup>rd</sup> day of May, 2002